

February 28, 2006

To: House Agriculture Committee

From: Tonia Ritter, Michigan Farm Bureau



Re: Michigan Farm Bureau's Support of House Bills 5751 – 5755 & 5181

Michigan Farm Bureau appreciates the work and efforts put forth to develop this Renewable Fuels package of bills, and would like to thank all of the sponsors and co-sponsors for their support.

For some time, Michigan Farm Bureau members have seen the opportunities that are apparent with in-state biomass fuel production and consumption. We are pleased to see this legislative effort move forward to further stimulate the distribution channels and consumption of ethanol and bio-diesel in Michigan.

We are supportive of increased ethanol and bio-diesel production and consumption for a number of reasons:

- Reduction in emissions
- Domestic biomass fuel production provides greater domestic energy security
- Biomass fuels are produced from renewable resources that can be produced in our own state
- Biomass fuels burn cleaner, lowering engine maintenance costs
- Bio-diesel significantly improves lubricity

Policies put forward by our farmer members specifically state:

- “We support...expanding the biomass fuel distribution infrastructure.”
- “We strongly urge all state-owned diesel and E-85 flexible fueled vehicles be stationed within a reasonable distance of a renewable fuel source (ethanol or bio-diesel) and use that fuel.”
- “We support...establishing economic incentives to encourage biomass fuel production, and broaden the use and distribution with incentives targeted to producers, blenders, distributors and end-users.”
- “We support...educating consumers about the positive influence and benefits of biomass fuels...”

Michigan Farm Bureau is pleased to support this legislation and would encourage your support of the entire package of bills.

For your reference additional information about activity in the biomass fuel industry and ethanol and bio-diesel is attached. Please feel free to contact me or Bob Boehm with any questions at 517-323-6560.

(Attachments)

Current State Ethanol Incentives

Alaska

Use: 6 cents-per-gallon (cpg) excise tax credit for E10 in Anchorage in winter months; 8 cpg excise tax credit on cellulosic ethanol year-round until five years after first in-state cellulose-to-ethanol plant begins

Colorado

Use: Tax credit for E85 refueling stations

Florida

Production: County credit for cellulosic ethanol production using yard, wood or paper waste

Use: No excise tax on E85 with decal

Hawaii

Production: Tax credit equal to 30 cpg of capacity up to \$4.5 million for plants with 15 MMgy capacities; available for 40 MMgy of state capacity or until 2012

Use: 4 percent excise tax exemption for E10 or higher blends until Dec. 31, 2006; 85 percent of gas sold must be E10 by April 2006

Idaho

Use: 2.5 cpg tax exemption on E10

Illinois

Production: Grants for new or expanding plants with 30 MMgy or greater capacity

Use: No sales tax on E85; 20 percent sales tax credit on E10; rebates for FFVs; grant-funding available for up to 50 percent costs associated with converting (up to \$2,000 grant per location) or constructing (up to \$40,000 grant per location) E85 refueling stations; state FFVs directed to use E85

Indiana

Production: 12.5 cpg tax credit for new (40 MMgy minimum capacity) and expanding (40 MMgy minimum expanded capacity) plants with a program cap of \$20 million for all biofuels production

Use: Grants for FFV fleet purchases, conversion/construction of E85 refueling stations and E85 fuel purchases; state-owned FFVs directed to use E85

Iowa

Production: Combination of zero interest (half of loan or maximum of \$250,000) and low-interest (remainder) loan for production projects; and/or forgivable (20 percent) and traditional low-interest loans (80 percent), up to \$520,000 for production plants

Use: E85 excise tax reduction of 3.7 cpg, E10 excise tax reduction of 1.7 cpg; 2.5 cpg tax credit for stations dispensing 60 percent or more volume sold as ethanol-blended; \$325,000 per year available (until June 30, 2008) to assist constructing or converting E85 refueling stations

Kansas

Production: Producer payment of 7.5 cpg for new plants once 5 million gallons are sold, up to 15 MMgy; 7.5 cpg for expanding plants if expansion capacity exceeds 5 MMgy, up to 15 MMgy for no more than seven years

Use: Tax credit of 40 percent incremental costs for FFVs and E85 refueling stations with varying limits; state fleets directed to use E10

Kentucky

Production: Kentucky Agriculture Development Fund offers grants to new projects, including ethanol production plants

Use: FFV rebates; grants for E85 stations; Transportation Cabinet directed to use E10 and E85 in conventional vehicles and FFVs; E10 procurement contracts required for Finance Administration and Transportation Cabinets by July 2006

Maine

Production: Tax credit of 5 cpg proportional to blend; direct loans available for ethanol plant projects

Use: E85 excise tax reduction of 7.6 cpg; sales/lease tax exemption for additional cost of FFVs; direct loans available for construction of E85 refueling stations

Maryland

Production: Small grains production credit of 20 cpg and 5 cpg for other feedstocks, up to 15 MMgy total, 10 MMgy of which must come from small grains

Minnesota

Production: 13 cpg payment for the first 15 MMgy per facility per year for eligible plants until June 30, 2007, and applicable to production prior to 1999; new plants eligible for tax benefits under JOBZ program

Use: 5.8 cpg tax exemption on E85; up to 50 percent of cost up to \$15,000 (\$500,000 program total) for installing E85 fueling stations; E10 RFS; pending E20 RFS; state-owned FFVs must use E85; state departments required to reduce petroleum use by 25 percent of 2005 use by 2015

Mississippi

Production: 11-cpg to 20-cpg production payments

Missouri

Production: Payments of 20 cpg for a producer's first 12.5 MMgy; 5 cpg for the second 12.5 MMgy; payments authorized for a producer's first 60 months of production

Use: Exemption of 17-cpg fuels tax for passenger or commercial vehicles using E85, with purchase of decal; state-owned vehicles required to use ethanol-blended fuel when possible

Montana

Production: Payments of 30 cpg to producers when Montana feedstocks are utilized

Use: Fuel tax reduction for ethanol blends; E10 RFS after in-state ethanol production reaches 40 MMgy; state and university fleet vehicles directed to use ethanol-blended fuels when possible

Nebraska

Use: Low-cost loans for construction/conversion of E85 refueling stations and FFVs; state FFV fleets required to use E85 when reasonable

New Jersey

Use: 50 percent cost-share for construction of government and university E85 refueling stations

New Mexico

Production: Clean energy grants available for state and local government entities, up to \$100,000 per entity for various projects

Use: Clean energy grants available for state and local government entities, up to \$100,000 per entity for various projects

North Carolina

Production: Property tax credit of 35 percent of the cost of the plant property, up to \$2.5 million over 5 years; tax credit of 25 percent of the costs associated with constructing and equipping the plant over 7 years

Use: Tax credit of 15 percent of the costs associated with storing or dispensing E85 or denatured ethanol ("E95") over three years; retail sales tax exemption for E85

North Dakota

Production: Market-based per gallon payment based on established ethanol and corn market values; 30 percent investment tax credit for investors in ethanol facilities

Use: 22 cpg E85 excise tax reduction (program total \$250,000); state DOT required to incorporate FFVs; remaining conventional fleet required to use E10

Current State Ethanol Incentives continued on page 56 >>>

STATE

<<<Current State Ethanol Incentives continued from page 55

Ohio

Production: Low-interest direct loans; tax-free municipal bonds; and some grants are available

Use: Ohio Department of Transportation directed to purchase and use E85 and E10

Oklahoma

Production: 20 cpg tax credit up to 25 MMgy per plant; after 2010, 7.5 cpg tax credit up to 10 MMgy per plant

Oregon

Production: 35 percent tax credit over five years—10 percent for each of the first two years and 5 percent for each year thereafter—for associated costs of building an ethanol plant or related ethanol infrastructure; low-interest loans available for small ethanol plants; 50 percent property tax exemption for plants, up to five years

Pennsylvania

Production: 5 cpg producer payment up to 12.5 MMgy

Use: Grants up to 20 percent additional costs available for FFVs and E85 refueling stations

Rhode Island

Use: 50 percent tax credit for FFVs and installation/conversion of E85 refueling stations; corporate tax deduction for sales of alternative fuels; gasoline tax exemption for FFV fleets

South Dakota

Production: 20 cpg production payment; producers may receive a refund on fuel tax paid on natural gasoline used as denaturant

Use: 12 cpg reduction in state motor fuels tax for E85

Tennessee

Use: Tennessee Department of Transportation (TDOT) authorized to make partnerships to develop E85 infrastructure; TDOT authorized to make grants for construction/conversion of E85 refueling stations

Texas

Production: 16.8 cpg net grant payment (20 cpg minus 3.2 cpg fee for program funding) up to 18 MMgy for 10 years

Use: Grants available for alternative fueling stations

Washington

Production: Property tax exemptions for qualified ethanol plants; sales/use tax exemptions for qualified plants; business and occupation tax reduction for producers

Use: Sales/use tax exemption for E85 infrastructure investments

West Virginia

Use: Income tax credit for FFVs

Wisconsin

Production: 20 cpg payment upon the production of first 10 million gallons up to 15 MMgy

Use: Excise tax based on Btu per-gallon basis; state fleet vehicles required to use E85 or E10 when possible

Wyoming

Production: 40 cpg tax credit with program cap at \$4 million annually

Use: State fleet vehicles required to use ethanol-blended fuel when possible



RENEWABLE FUELS CLIENT.

A lot of law firms are suddenly interested in renewable fuels. Brown Winick has been practicing in this area for a long time, and their experience was invaluable to our project.

Walt Wendland, Golden Grain Energy, LLC

A LAW FIRM SERVING THE RENEWABLE FUELS INDUSTRY

To help fuel the success of your biofuels project, check out our Web site or give us a call.

www.biofuellawyers.com

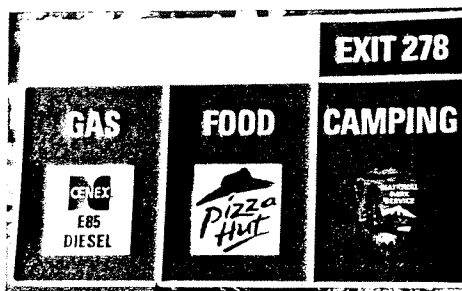
Minnesota initiates E85 highway signage

As a leading state recognized for its support of biofuels use and production, Minnesota is now identifying fueling stations that dispense E85 on its roadway signs, indicating to drivers where they can find the ethanol blend. The announcement came Dec. 23 in St. Paul, Minn.

"Tim Gerlach of the American Lung Association (of Minnesota) pulled up dressed as Santa Claus, driving his E85 sled," Lucy Kender, communications director for the Minnesota Department of Transportation, told EPM. "Everyone had fun with the announcement because it was right before Christmas."

The American Lung Association of Minnesota's Outdoor Air Program, under the directorship of Tim Gerlach, has been strongly pushing for this measure.

Implementing this sort of awareness campaign took no legislative action either, according to Kender. "While the [American Lung Association of Minnesota] was really promoting this idea, we made the determination to change



In Minnesota, highway signs that alert drivers to nearby gas stations will now indicate E85 locations.

our sign specifications to allow for this." Previously, stations were allowed a logo and up to one word underneath the logo on these roadway signs. Most stations chose "diesel" as that one word, giving diesel drivers heads up on where they could refill. Now, even stations that list "diesel" on the signs can choose to list "E85" there too.

The new signs started going up in January. According to the Office of Gov. Tim Pawlenty, the state's 200th E85 station is slated to open in February.

-Staff Report



Biodiesel Myths and Facts

Myth: Biodiesel is an experimental fuel and has not been thoroughly tested.

Fact: Biodiesel is one of the most thoroughly tested alternative fuels on the market. A number of independent studies have been completed with the results showing biodiesel performs similar to petroleum diesel while benefiting the environment and human health compared to diesel. That research includes studies performed by the U.S. Department of Energy, the U.S. Department of Agriculture, Stanadyne Automotive Corp. (the largest diesel fuel injection equipment manufacturer in the U.S.), Lovelace Respiratory Research Institute, and Southwest Research Institute. Biodiesel is the first and only alternative fuel to have completed the rigorous Health Effects testing requirements of the Clean Air Act. Biodiesel has been proven to perform similarly to diesel in more 50 million successful road miles in virtually all types of diesel engines, countless off-road miles and countless marine hours. Currently more than 300 major fleets use the fuel.

Myth: Biodiesel does not perform as well as diesel.

Fact: One of the major advantages of biodiesel is the fact that it can be used in existing engines and fuel injection equipment with little impact to operating performance. Biodiesel has a higher cetane number than U.S. diesel fuel. In more than 50 million miles of in-field demonstrations, B20 showed similar fuel consumption, horsepower, torque, and haulage rates as conventional diesel fuel. Biodiesel also has superior lubricity and it has the highest BTU content of any alternative fuel (falling in the range between #1 and #2 diesel fuel).

Myth: Biodiesel doesn't perform well in cold weather.

Fact: Biodiesel will gel in very cold temperatures, just as the common #2 diesel does. Although pure biodiesel has a higher cloud point than #2 diesel fuel, typical blends of 20% biodiesel are managed with the same fuel management techniques as #2 diesel. Blends of 5% biodiesel and less have virtually no impact on cold flow.

Myth: Biodiesel causes filters to plug.

Fact: Biodiesel can be operated in any diesel engine with little or no modification to the engine or the fuel system. Pure biodiesel (B100) has a solvent effect, which may release deposits accumulated on tank walls and pipes from previous diesel fuel use. With high blends of biodiesel, the release of deposits may clog filters initially and precautions should be taken to replace fuel filters until the petroleum build-up is eliminated. This issue is less prevalent with B20 blends, and there is no evidence that lower-blend levels such as B2 have caused filters to plug.

Myth: A low-blend of biodiesel in diesel fuel will cost too much.

Fact: Using a 2% blend of biodiesel is estimated to increase the cost of diesel by 2 or 3 cents per gallon, including the fuel, transportation, storage and blending costs. Any increase in cost will be accompanied by an increase in diesel quality since low-blend levels of biodiesel greatly enhance the lubricity of diesel fuel.

Myth: Biodiesel causes degradation of engine gaskets and seals.



Biodiesel Myths and Facts

Fact: The recent switch to low-sulfur diesel fuel has caused most Original Equipment Manufacturers (OEMs) to switch to components that are also suitable for use with biodiesel. In general, biodiesel used in pure form can soften and degrade certain types of elastomers and natural rubber compounds over time. Using high percent blends can impact fuel system components (primarily fuel hoses and fuel pump seals) that contain elastomer compounds incompatible with biodiesel, although the effect is lessened as the biodiesel blend level is decreased. Experience with B20 has found that no changes to gaskets or hoses are necessary.

Myth: No objective biodiesel fuel formulation standard exists.

Fact: The biodiesel industry has been active in setting standards for biodiesel since 1994 when the first biodiesel taskforce was formed within the American Society for Testing and Materials (ASTM). ASTM approved a provisional standard for biodiesel (ASTM PS 121) in July of 1999. The final specification (D-6751) was issued in December 2001. Copies of specifications are available from ASTM at <http://www.astm.org>.

Myth: Biodiesel does not have sufficient shelf life.

Fact: Most fuel today is used up long before six months, and many petroleum companies do not recommend storing petroleum diesel for more than six months. The current industry recommendation is that biodiesel be used within six months, or reanalyzed after six months to ensure the fuel meets ASTM specifications (D-6751). A longer shelf life is possible depending on the fuel composition and the use of storage-enhancing additives.

Myth: Engine warranty coverage would be at risk.

Fact: The use of biodiesel in existing diesel engines does not void parts and materials workmanship warranties of any major US engine manufacturer.

Myth: The U.S. lacks the infrastructure to prevent shortages of the product.

Fact: There are presently more than 14 companies that have invested millions of dollars into the development of the biodiesel manufacturing plants actively marketing biodiesel. Based on existing dedicated biodiesel processing capacity and long-term production agreements, more than 200 million gallons of biodiesel capacity currently exists. Many facilities are capable of doubling their production capacity within 18 months.

Myth: There is no government program to support development of a biodiesel industry.

Fact: The U.S. Department of Agriculture announced in January 2001 the implementation of the first program providing cost incentives for the production of 36 million gallons of biodiesel. Bills supporting the use of biodiesel and ethanol were also introduced to the U.S. Congress in 2003, including one that would set a renewable standard for fuel in the U.S. and one that would give biodiesel a partial fuel excise tax exemption. More than a dozen states have passed favorable biodiesel legislation.



COMMONLY ASKED QUESTIONS

What is biodiesel?

Biodiesel is the name of a clean burning alternative fuel produced from domestic, renewable resources. Biodiesel contains no petroleum, but it can be blended at any level with petroleum diesel to create a biodiesel blend. It can be used in compression-ignition (diesel) engines with no major modifications. Biodiesel is simple to use, biodegradable, nontoxic, and essentially free of sulfur and aromatics.

Technical Definition: *Biodiesel, n*—a fuel composed of mono-alkyl esters of long chain fatty acids derived from vegetable oils or animal fats, designated B100, and meeting the requirements of ASTM (American Society for Testing & Materials) D 6751.

Is biodiesel used as a pure fuel or is it blended with petroleum diesel?

Biodiesel can be used as a pure fuel or blended with petroleum in any percentage. B20 (a blend of 20 percent by volume biodiesel with 80 percent by volume petroleum diesel) has demonstrated significant environmental benefits with a minimum increase in cost for fleet operations and other consumers.

Is it approved for use in the US?

Biodiesel is registered as a fuel and fuel additive with the Environmental Protection Agency (EPA) and meets clean diesel standards established by the California Air Resources Board (CARB). Neat (100 percent) biodiesel has been designated as an alternative fuel by the Department of Energy (DOE) and the US Department of Transportation (DOT).

How do biodiesel emissions compare to petroleum diesel?

Biodiesel is the only alternative fuel to have fully completed the health effects testing requirements of the Clean Air Act. The use of biodiesel in a conventional diesel engine results in substantial reduction of unburned hydrocarbons, carbon monoxide, and particulate matter compared to emissions from diesel fuel. In addition, the exhaust emissions of sulfur oxides and sulfates (major components of acid rain) from biodiesel are essentially eliminated compared to diesel.

Of the major exhaust pollutants, both unburned hydrocarbons and nitrogen oxides are ozone or smog forming precursors. The use of biodiesel results in a substantial reduction of unburned hydrocarbons. Emissions of nitrogen oxides are either slightly reduced or slightly increased depending on the duty cycle of the engine and testing methods used. Based on engine testing, using the most stringent emissions testing protocols required by EPA for certification of fuels or fuel additives in the US, the overall ozone forming potential of the speciated hydrocarbon emissions from biodiesel was nearly 50 percent less than that measured for diesel fuel.

Can biodiesel help mitigate "global warming"?

A 1998 biodiesel lifecycle study, jointly sponsored by the US Department of Energy and the US Department of Agriculture, concluded biodiesel reduces net carbon dioxide

emissions by 78 percent compared to petroleum diesel. This is due to biodiesel's closed carbon cycle. The CO₂ released into the atmosphere when biodiesel is burned is recycled by growing plants, which are later processed into fuel.

Is biodiesel better for human health than petroleum diesel?

Scientific research confirms that biodiesel exhaust has a less harmful impact on human health than petroleum diesel fuel. Biodiesel emissions have decreased levels of polycyclic aromatic hydrocarbons (PAH) and nitrated PAH compounds that have been identified as potential cancer causing compounds. Test results indicate PAH compounds were reduced by 75 to 85 percent, with the exception of benzo(a)anthracene, which was reduced by roughly 50 percent. Targeted nPAH compounds were also reduced dramatically with biodiesel fuel, with 2-nitrofluorene and 1-nitropyrene reduced by 90 percent, and the rest of the nPAH compounds reduced to only trace levels.

Does biodiesel cost more than other alternative fuels?

When reviewing the high costs associated with other alternative fuel systems, many fleet managers have determined biodiesel is their least-cost-strategy to comply with state and federal regulations. Use of biodiesel does not require major engine modifications. That means operators keep their fleets, their spare parts inventories, their refueling stations and their skilled mechanics. The only thing that changes is air quality.

Do I need special storage facilities?

In general, the standard storage and handling procedures used for petroleum diesel can be used for biodiesel. The fuel should be stored in a clean, dry, dark environment. Acceptable storage tank materials include aluminum, steel, fluorinated polyethylene, fluorinated polypropylene and teflon. Copper, brass, lead, tin, and zinc should be avoided.

Can I use biodiesel in my existing diesel engine?

Biodiesel works in any diesel engine with few or no modifications to the engine or the fuel system. Biodiesel has a solvent effect that may release deposits accumulated on tank walls and pipes from previous diesel fuel storage. The release of deposits may clog filters initially and precautions should be taken. Ensure that only fuel meeting the biodiesel specification (D 6751) is used.

Where can I purchase biodiesel?

Biodiesel is available anywhere in the US. The National Biodiesel Board (NBB) maintains a list of registered fuel suppliers. A current list is available on the biodiesel web site at www.biodiesel.org or by calling NBB at (800) 841-5849.

Who can answer my questions about biodiesel?

NBB maintains the largest library of biodiesel information in the US. Information can be requested by visiting the biodiesel web site at www.biodiesel.org, by emailing the NBB at info@biodiesel.org, or by calling NBB's toll free number (800) 841-5849.

ETHANOL

FACT

VS.

FICTION

Ethanol offers a wealth of additional benefits. It helps improve air quality. It boosts the national economy through new jobs and rural investment opportunities.

Despite ethanol's proven track record, many Americans still don't know much about it.

It's time to set the record straight. It's time to sort out the facts from the fiction. It's time to learn the truth about ethanol.



MYTH Ethanol raises the cost of gasoline.

FACT While many predicted the switch from MTBE to ethanol would increase gas prices, there has been no negative impact on gasoline supplies or the cost per gallon of gasoline. Ethanol is less expensive than other additives. In fact, ethanol is usually less expensive than ordinary gasoline.

The net effect of blending ethanol with gasoline is normally a product that costs less. A May 2005 report by the Consumer Federation of America notes drivers everywhere would save as much as 8 cents per gallon if petroleum marketers would simply blend more ethanol into gasoline.

MYTH Ethanol adds to air pollution.

FACT Because ethanol-blended gasoline is cleaner than conventional gasoline, it emits less hydrocarbons, nitrogen oxides, carbon monoxide and hydrogen. Ethanol reduces carbon monoxide emissions by as much as 25 percent — and less carbon monoxide helps reduce ozone formation and greenhouse gas levels.

According to EPA, gasoline is the largest source of manmade carcinogens. Ethanol reduces overall toxic pollution by diluting harmful compounds found in gasoline such as benzene and other aromatics.

MYTH Ethanol harms car and truck engines.

FACT Every major automobile manufacturer approves the use of ethanol blends up to 10 percent (E-10) under warranty. In fact, many auto manufacturers go so far as to recommend the use of clean, renewable fuels such as E-10. Cars built since the 1970s are fully compatible with E-10.

In addition, ethanol in gasoline:

- Adds oxygen to the fuel, raising the air/fuel ratio for more complete combustion;
- Eliminates the need and expense of adding a gas line antifreeze, since ethanol in gasoline absorbs more water than a small bottle of isopropyl;

- Prevents burning of engine valves because ethanol burns cooler than gasoline;
- Prevents build-up of olefins in fuel injectors, keeping the fuel system cleaner.

MYTH Ethanol takes more energy to produce than it contributes.

FACT USDA recently determined the net energy balance of ethanol production is 1.67 to 1. For every 100 BTUs of energy used to make ethanol, 167 BTUs of energy is produced. The USDA findings have been confirmed by additional studies conducted at several universities and government laboratories.

These studies take into account the energy required to plant, grow and harvest the corn — as well as the energy required to manufacture and distribute the ethanol.

The net energy balance of ethanol production continues to improve because ethanol and corn production are becoming more efficient. For example, one bushel of corn now yields 2.8 gallons of ethanol — up from 2.5 gallons just a few years ago.

MYTH Ethanol contributes to global warming.

FACT Because the energy balance of ethanol production is positive (1.67 to 1), greenhouse gas benefits are also positive. The Argonne National Laboratory has demonstrated that using ethanol produces 32 percent fewer emissions of greenhouse gases than gasoline for the same distance traveled.

Ethanol also reduces emissions of other harmful pollutants such as carbon monoxide — and it dilutes and displaces components of gasoline that produce toxic emissions.

According to a recent study by Smog Royce: "Ethanol currently is the only compound that can be blended with gasoline to help reduce global warming..."

MYTH Ethanol production wastes corn that could be used to feed a hungry world.

FACT Corn used for ethanol production is field corn typically used to feed livestock. Wet mill ethanol production facilities, also known as corn

refineries, also produce starch, corn sweeteners, and corn oil — all products that are used as food ingredients for human consumption.

Ethanol production also results in the production of distillers grains and gluten feed — both of which are fed to livestock, helping produce high-quality meat products for distribution domestically and abroad. There is no shortage of corn. In 2004, U.S. farmers produced a record 11.8 billion bushel corn harvest — and some 1.3 billion bushels (about 11 percent) were used in ethanol production. Additionally, the 2005 crop was among the largest on record. In other words, there is still room to significantly grow the ethanol market without limiting the availability of corn. Steadily increasing corn yields and the improved ability of other nations to grow corn also make it clear that ethanol production can continue to grow without affecting the food supply.

MYTH Ethanol does not benefit farmers.

FACT The ethanol industry opens a new market for corn growers, allowing them to enjoy greater profitability. Studies have shown that corn prices in areas near ethanol plants tend to be 5 to 10 cents per bushel higher than in other areas. This additional income helps cut the costs of farm programs and add vitality to rural economies. The additional profit potential for farmers created by ethanol production allows more farmers to stay in business — helping ensure adequate food supplies in the future.

Ethanol production also creates jobs, many of which are in rural communities where good jobs are hard to come by. A 2005 study by LECC found the ethanol industry powered the U.S. economy by creating more than 147,000 jobs, boosting U.S. household income by \$4.4 billion and reducing the U.S. trade deficit by \$5.1 billion by eliminating the need to import 143.3 million barrels of oil.

Those kinds of numbers help farmers and all Americans.

To learn more about ethanol,
visit www.ncca.com and
www.ethanolfacts.com

